Westfield Contributory Health Scheme Limited

Solvency and Financial Condition Report
for the year ended 31 March 2026

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Summary

About Westfield Health

Westfield Contributory Health Scheme Limited ("Westfield Health", the "Company") is a health insurance company formed over a century ago with the vision of improving people's health and wellbeing. By helping people to access and pay for health treatment and through charitable donations, Westfield Health supports the NHS and charities to help its customers and the community to a healthier life. Westfield Health does not have shareholders, this allows them to focus on giving back to causes that can impact health and wellbeing.

Westfield Health is dedicated to making a healthy difference to the quality of life of customers and the communities in which they live and work. Westfield Health's mission is to inspire and empower people to be the best that they can be, and to deliver evidence-based health and wellbeing solutions that support people, communities and workplaces to be healthier.

Westfield Health is the parent company of the Westfield Group (the "Group") which encompasses a number of companies that operate in the health and wellbeing market.

About Westfield Health's products

Westfield Health offers two different types of insurance - health cash plans and private health insurance:

Health Cash Plan

A health cash plan allows a policyholder to claim money back, up to set limits, towards the cost of essential healthcare. It is a great way to help budget for everyday health costs. From dental appointments to optical check-ups, therapy treatment and more, policyholders can rest assured that their cover will help with the bills. Dependent children may be covered too, on key benefits, giving extra peace of mind.

A health cash plan also provides access to valuable health and wellbeing services including 24 hour telephone access to a UK GP and an advisory service for care after hospital for elderly relatives.

Private Health Insurance

Private health insurance occupies the "middle market" between health cash plans and fully-featured private medical insurance. It makes private surgery and medical treatment more accessible, to ensure policyholders can be treated as quickly as possible. Westfield Health's prices have been kept affordable by negotiating fixed price treatment packages and excluding heart and cancer treatment (areas for which the NHS has established and proven pathways) and excluding chronic conditions.

About this report

The purpose of this Solvency and Financial Condition Report is to enable policyholders and other stakeholders to understand Westfield Health's business performance, governance, risk management, valuation policies, and its management of solvency and capital. It is accompanied by a number of reporting templates which set out more quantitative detail around the financial position and solvency of Westfield Health.

Westfield Health does not need to undertake group reporting, this is therefore a solo based report for the insurance entity but with Group financial results reported where necessary.

Finances

Gross premiums earned increased year on year from £77.1m to £80.8m, an increase of £3.7m (4.8%). There has been a net increase in total policyholder numbers year on year as well as some targeted price increases on corporate products.

Westfield Health's solvency ratio (measured as Own Funds divided by Solvency Capital Requirement) was 223% as at 31 March 2026 (2025: 234%). The regulations are designed so that a ratio of 100% should be enough capital to survive a "one-in-two-hundred year" event.

The table below summarises Westfield Health's consolidated financial results for the year as reported in the Group financial statements:

Summary Comprehensive Income Statement	2026 £'000	2025 £'000
(Deficit)/Surplus on insurance operations	(1,389)	724
Impairments & revaluations	614	228
(Deficit)/Surplus on technical account	(775)	952
Net non-technical result	4,397	3,079
Surplus before charitable donations	3,622	4,031
Gift Aid and other charitable donations	(625)	(285)
Surplus before tax	2,997	3,746
Tax	(1,237)	(782)
Surplus for the year on Ordinary Activities	1,760	2,964
FX differences on translation of foreign operations	2	(25)
Actuarial gain on pension scheme	250	553
Surplus transferred to reserves	2,012	3,492

Customer service

Net Promoter Score ("NPS") is a customer loyalty metric that asks policyholders (amongst other questions) "How likely is it that you would recommend Westfield to family, friends or colleagues?"

We are pleased to report that we have achieved a high NPS of 72 and overall customer satisfaction rate ("CSAT") of 4.8/5.

Developments at Westfield Health

The year ended 31 March 2026 marked a defining milestone for the Westfield Health Group. For the first time in our history, Group revenue exceeded £100m, closing the year at £105m. Both our Insurance and International Wellbeing businesses delivered strong growth in scale and profitability, further strengthening the resilience and diversification of the Group.

While this is a significant financial achievement, strategically it represents a qualification rather than a culmination. It signals our readiness to move into the next phase of our evolution.

Our journey can be understood in three phases: sustainability, success, and now significance.

Sustainability

Several years ago, the Group faced the reality of being a loss-making insurance business in a highly regulated and increasingly competitive market. We have rebuilt the business through disciplined cost management, strengthened governance, enhanced regulatory alignment, and a cultural reset. Now, we've established financial resilience, operational control, and credibility.

Success

With those foundations in place, we're now in a phase of success, driven by our 100:10:1 framework. We've achieved a clear balance between growth, profitability, and purpose — scaling the business responsibly while committing 1% of revenues to community health and wellbeing. We've experienced sustained growth across both divisions, accelerated our digital investment, and expanded our International Wellbeing footprint.

Today, we are a financially strong, digitally enabled, and internationally positioned Group.

Significance

As we enter the next chapter, our ambition shifts from scale alone to responsibility and impact. The Group is united behind a single purpose: to shift health systems upstream, from treatment to prevention, from absence to resilience, and from reactive spend to measurable wellbeing outcomes.

Across the Group, more than 500 colleagues in twelve countries are aligned behind a shared strategy. Surpassing £100m confirms that the Group is sustainable and successful. Our responsibility is now to ensure that it becomes significant.

Insurance: Digital Leadership in Action

In Insurance, this year we delivered a pivotal proof point in our transformation. We successfully launched a fully end-to-end digital onboarding journey for a live corporate client using our new B2B proposition, Evolve.

This was not a pilot, but a real-world deployment, validating years of investment in technology and operational redesign. Client feedback has been emphatic — our digital capability is reshaping expectations within the corporate health cash plan market.

Technology is now our primary differentiator, enabling not only efficiency and scalability, but a fundamentally improved customer experience.

Wellbeing: International Growth and Innovation

Our International Wellbeing business continues to scale strongly and has now entered a focused investment phase. This includes the development of a new global brand, a strengthened and codified methodology, and a new wave of client-led innovation.

We have also established a US entity, marking our entry into the world’s largest corporate wellbeing market with both credibility and intent.

Innovation remains central to our approach. This year, we became the first in our sector to activate HYROX within a corporate environment — not as an elite fitness initiative, but as an inclusive platform designed to build resilience, connection and engagement. It reflects our belief that true innovation lies in removing barriers and enabling broader participation in health and wellbeing.

A. Business and performance

A.1. Business

Name, legal form and key contacts

Westfield Health is a health insurance company formed over a century ago in 1919.

Westfield Health is a company limited by guarantee, so has no shareholders, but rather has Members of the Company. Members take part in supervising the performance of the Company and its directors, to protect the interests of the Company. The Company's Articles of Association prohibit Members from benefiting as a result of their membership; as at 31st March there were 16 Members, each with an equal voting right, so no individual Member is considered to hold undue influence over management.

The Group comprises the following companies:

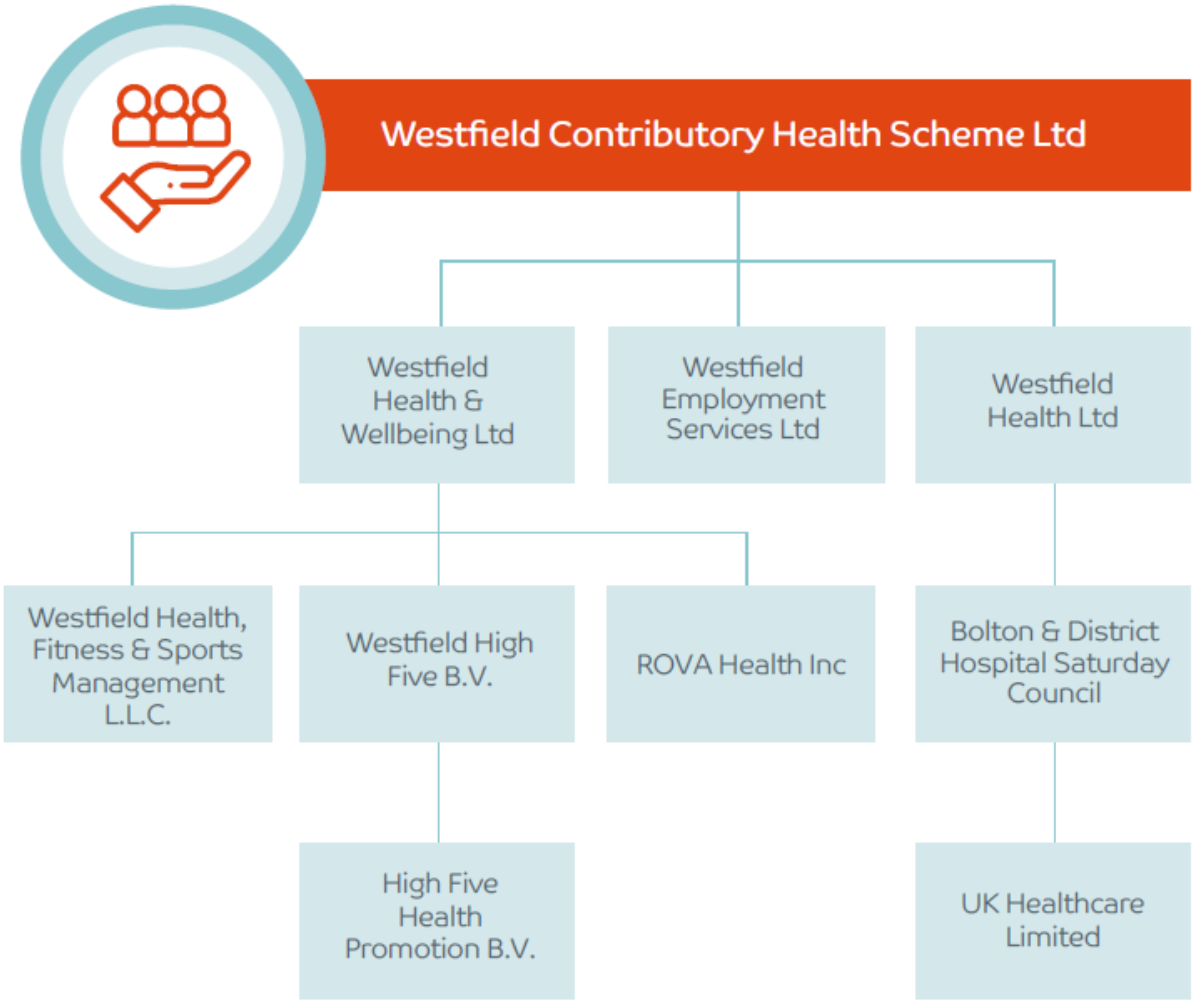
- 100% of the ordinary share capital of Bolton & District Hospital Saturday Council, a company incorporated in England and Wales;
- 100% of the ordinary share capital of Westfield Health & Wellbeing Limited, a company incorporated in England and Wales;
- 100% of the ordinary share capital of Westfield High Five B.V., a company incorporated in the Netherlands;
- 100% of the ordinary share capital of High Five Health Promotion B.V., a company incorporated in the Netherlands;
- 100% of the ordinary share capital of Westfield Health, Fitness & Sports Management L.L.C., a company incorporated in Dubai;
- 100% of the ordinary share capital of Westfield Employment Services Limited, a company incorporated in England and Wales;
- 100% of the ordinary share capital of Westfield Health Limited, an investment holding company incorporated in England and Wales;
- 100% of the ordinary share capital of UK Healthcare Limited, a dormant company incorporated in England and Wales;
- 100% of the ordinary share capital of ROVA Health Ltd, a subsidiary of Westfield Health & Wellbeing Ltd, incorporated in England and Wales. It remained dormant during the year;
- 100% of the ordinary share capital of ROVA Health Inc, a company incorporated in the state of Delaware, US. During the year it remained dormant but will be used for the Group's expansion in to the US in 2026/27.
- 31% of the ordinary share capital of BHCA Services Limited, a company incorporated in England and Wales; and
- 10% of the ordinary share capital of Sport Legacy Group Limited, a company incorporated in England and Wales.

The diagram below sets out the group structure of Westfield Health and its wholly owned, trading subsidiaries:

Westfield Health's prudential regulator is the Prudential Regulatory Authority, Bank of England, 20 Moorgate, London EC2R 6DA ("the PRA"); its external auditors are BDO LLP, 55 Baker Street, London, W1U 7EU.

Lines of business

Westfield Health's only line of insurance business, encompassing both health cash plans and private health insurance, is health insurance within the United Kingdom and Channel Islands.



Material events during the year

During the year a number of significant events and programmes have been undertaken by Westfield Health:

Colleagues

Our people remain at the heart of everything we do, and 2025/26 has been a year of meaningful investment in the infrastructure, culture, and experience that enables our colleagues to thrive.

As the organisation continues to undergo change at a significant pace, our People team have played a central role in supporting colleagues through transition, providing clarity, consistency, and care at every stage. A major milestone this year was the redevelopment of our systems, designed to give colleagues greater access to the resource, support, and focus they deserve. Hand in hand with this, we have given renewed attention to the employee journey, from onboarding to exit, placing colleague experience at the centre of how we design and deliver our people practices.

Alongside this, we deepened our understanding of capability and skills across the Group, using that insight to identify development gaps and create targeted opportunities for learning and growth. We continued to strengthen our people operations through refining processes, updating policies and frameworks, enhancing onboarding, and investing in technology that makes every day working life simpler and more connected.

Attracting and retaining exceptional people requires a compelling offer, and this year we made significant progress in developing a competitive employee value proposition. To this end, we launched our culture and engagement framework built around five key pillars that connect directly to our strategic plan: Creating Connections, Enabling Conversations, Appreciating Each Other, Nurturing Wellbeing, and Giving Time. Underpinning this, the deployment of a modern engagement survey across the Group now gives us the data-driven insights needed to listen, learn, and act with confidence.

Customers

Our Customer Services team continued to deliver exceptional levels of customer satisfaction, with customers rating our service at 4.8 out of 5 (5 being “excellent”). Our Net Promoter Score is 72 – exceptional, “top quartile” performance. These results are based on feedback from over 60,000 customers who completed a survey following contact with us or after submitting a claim.

We are proud to support customers across a range of channels, including those who prefer to speak to someone directly. During the year, we resolved 90% of queries at first contact, with customers rating us 4.7 out of 5 for advisor helpfulness, knowledge and friendliness.

We have also continued to promote our online claiming journey through both our app and website, with over 93% of claims now submitted online. This provides customers with a quicker and more convenient way to claim, supports faster claims processing and payment, and reduces paper usage as part of our commitment to a greener service. 85% of claims are now processed within one working day, with customers rating their claims experience 4.7 out of 5.

While digital adoption remains strong, we recognise the importance of maintaining accessible options for customers who are unable or prefer not to use digital channels, including those who may be digitally excluded or vulnerable. Claim forms are available to download from our website, and customers can continue to request paper claim forms by post where needed.

Policy changes are completed within two working days on average, supporting a smooth experience for new customers joining us and providing timely support for existing customers making changes to their cover.

Across our Customer Services team, we have continued to share best practice to support consistent customer outcomes as our customer base grows. We have built on our existing quality assurance and coaching frameworks, improved reporting and analytics to support more informed decision making and further aligned our approach to supporting vulnerable customers across both functions. Indeed, we have made considerable progress in our approach to vulnerable customers. This has included additional advisor training to help ensure customers consistently receive good outcomes and increase recording of customer vulnerabilities.

We have also improved the FAQ and help sections on westfieldhealth.com, making it easier for customers to find the information they need and signposting them to other organisations where our cover may not fully meet their needs.

During the year, we recommenced activity to further strengthen our approach to fraud prevention and detection. Our existing fraud processes and controls remain robust, and recent improvements to BI reporting are helping us identify trends, spot unusual claiming patterns and act more efficiently where concerns arise. This work has already delivered positive results, and fraud prevention will remain an area of focus during 2026/27 to help minimise fraudulent activity and ensure concerns are identified and addressed promptly.

In addition, we have successfully transferred some claims processing activity for our UK Healthcare product to our outsourced partner. This has helped us address resource challenges while maintaining service levels for customers and managing costs effectively.

We continue to explore the opportunities and efficiencies that technology can provide to further improve the customer and colleague experience. This has included an initial testing pilot of AI tools to support advisors by helping them access relevant information more quickly and navigate the complexity of serving customers across multiple systems and products. This work will continue during 2026/27 as we look to further improve efficiency, support our teams and ensure customers continue to receive timely, informed and consistent service.

Community

At Westfield Health, our purpose goes beyond healthcare cover. We believe healthier communities are created when people are supported to live well, stay connected and access the help they need before problems escalate.

Each year, we commit 1% of our turnover to charitable giving, community partnerships and social impact activity. Throughout 2025/26, this investment continued to support organisations and initiatives focused on improving wellbeing, tackling inequality and creating opportunities for people of all ages to thrive.

From supporting groundbreaking health innovation and earlier cancer treatment, to helping older people remain independent and empowering young people through mentoring and wellbeing programmes, our community investment focused on creating lasting impact.

This year also marked an important development in our partnership with the British Transplant Games. Following the success of the 2025 Games in Oxford, we continued preparations for our home city of Sheffield to host the Games in summer 2026, bringing together transplant recipients, donor families, healthcare professionals and supporters from across the UK.

Across every initiative, our aim remained the same: to support healthier futures for individuals, families and communities.

Strategic partnerships - investing in research

Over the past year, partnerships have remained central to our strategy, enabling us to extend our reach, enhance our capabilities, and deliver greater value across the Group. We have continued to strengthen existing relationships while developing new collaborations across our Insurance and Wellbeing businesses, as well as our community initiative Westfield One, ensuring alignment with our shared commercial and social objectives.

In 2025/26, we worked closely with the Sports Legacy Institute (SLI) on both community-based and commercial programmes. We have a 10% shareholding in the SLI and this partnership has played a key role in supporting our ambitions to deliver measurable social impact while also contributing to commercial growth, demonstrating the value of integrated, purpose-led collaboration.

Our partnership with the Advanced Wellbeing Research Centre (AWRC) at Sheffield Hallam University has remained critical to our research and innovation activity in 2025/26. The AWRC provides a strong evidence base that underpins our work with SLI and informs the development of impactful, research-led solutions across the Group.

Our partnerships are increasingly focused on creating measurable impact. Through closer collaboration with clients, communities, and sector stakeholders, we have advanced initiatives that support innovation, improve outcomes, and contribute to long-term sustainability, such as the development of a Social Value model. We have placed particular emphasis on co-creation – working alongside partners to design and deliver solutions that are responsive to evolving needs.

We have invested in improving how we manage and evaluate our partnerships, including clearer governance, stronger alignment to our Culture & Engagement framework, and the recruitment of a dedicated Social Impact Manager to better understand and articulate the wider impact of our joint activity.

Looking ahead, we will continue to build a more structured and proactive partnerships approach, with a focus on deepening strategic relationships, expanding our network in key growth areas, and ensuring that our partnerships deliver measurable commercial value alongside meaningful societal impact.

Information technology

Our Group technology strategy is centred on a clear and consistent ambition: to be digital-first organisation that delivers exceptional value to customers and partners through market-leading solutions.

Over the past year we have made significant investments in modernising our platforms, streamlining our processes, and enhancing the overall user experience. This has enabled us to respond more effectively to market demands, and create more intuitive, accessible, and reliable services.

A key pillar of our approach has been the development of advanced trading capabilities and reducing internal manual processes. By focusing on performance, scalability, and usability, we have built solutions that empower our customers and partners to operate more efficiently and with greater confidence. These platforms are designed not only to meet today's expectations but to anticipate future needs, ensuring we remain competitive in an increasingly digital and data-driven marketplace.

Our commitment to continuous improvement means we are constantly refining these tools, incorporating feedback and leveraging emerging technologies to maintain our position at the forefront of the industry.

Looking ahead, we will continue to invest in technology, and AI and data-driven insights will play an increasingly important role in shaping our services. Innovation will remain embedded in our culture, and willingness to explore new ideas that can drive meaningful change.

At the same time, we recognise that sustainable growth depends on reliable, secure, and resilient digital services. As digital adoption accelerates, the importance of cyber resilience, regulatory compliance, and robust AI governance continues to increase in line with regulatory expectations and industry adoption. We are therefore strengthening our security and resilience frameworks to ensure systems can withstand, respond to, and recover from cyber threats, misuse, or operational disruption. This includes continued focus on data protection and privacy in line with UK GDPR and ICO guidance, proactive identification and management of cyber risk and clearly defined AI governance controls. These controls encompass accountable ownership, appropriate use of data, access management, auditability, and ongoing monitoring to ensure AI is deployed responsibly, securely and in line with changing UK AI and regulatory principles.

Overview of financial performance

The following sections provide some detail on Westfield Health's financial performance through the year. For reference, the Group's consolidated income & expenditure account, as disclosed in the Group's audited financial statements, is included below:

	2026 £'000	2025 £'000
Gross Premiums Earned	80,835	77,106
Total claims incurred	(57,218)	(53,910)
Third party administrative costs	(1,757)	(1,848)
	21,860	**21,348**
Net operating expenses	(23,249)	(20,624)
Revaluation		
Land and buildings	614	228
(Deficit)/Surplus on general business technical account	**(775)**	**952**
Investment income	2,141	2,999
Unrealised gain/(losses) on investments	2,620	(75)
Share of profits of associates	-	1
Investment property revaluation	(765)	(122)
Other income	23,714	20,283
Other charges	(23,305)	(19,919)
Investment management fees	-	(64)
Net finance (expense)/(charge) in respect of pensions	(8)	(24)
Surplus before charitable donations	**3,622**	**4,031**
Other charges - Gift Aid and other charitable donations	(625)	(285)
Surplus on Ordinary Activities before Tax	**2,997**	**3,746**
Tax charge on Ordinary Activities	(1,237)	(782)
Surplus for the year on Ordinary Activities	**1,760**	**2,964**
Other Comprehensive Income		
FX differences on translation of foreign operations	2	(25)
Actuarial gains on pension scheme	250	553
Surplus for the year transferred to Revenue Reserve	**2,012**	**3,492**

A.2. Underwriting performance

In Solvency UK terms, Westfield Health has only one line of insurance business, health insurance, so all of the underwriting results are reported under a single line of business. The value written in the Channel Islands is immaterial, and therefore no geographical split is presented.

Key performance indicators

	25/26	24/25
Gross Premiums	£80.8m	£77.1m
Gross claims ratio	70.8%	69.9%
Operating Expense Ratio	28.8%	26.8%
Combined Ratio	101.7%	99.1%

Adjusted technical result

The adjusted technical result is defined as the surplus of the insurance business through its core activities, so excludes the revaluation of Westfield House and the costs incurred in transforming the IT system used by the insurance business. It also excludes community give back costs included in the technical result as they do not qualify for gift aid.

The adjusted technical result is reconciled to the deficit/surplus on general business technical account as below:

	2026 £'000	2025 £'000
Statement of comprehensive income:		
(Deficit)/surplus on general business technical account	(775)	952
Remove revaluation of land and buildings	(614)	(228)
Add back community give back not eligible for gift aid	909	292
Add back IT transformation costs	4,502	2,720
Adjusted technical result	**4,022**	**3,736**

Gross premiums

There has been a net increase in total policyholder numbers year on year as well as some targeted price increases which resulted in a 4.8% increase in gross premiums from the previous year.

Gross claims ratio

Following a slight reduction in the previous year, the gross claims ratio increased in the year to March 2026. We have seen the ratio increasing through inflation and increased incident rates.

The gross claims ratio does not include the benefits provided to policyholders through third parties; these include counselling helplines, scanning services and access to telephone consultations with a GP.

Operating expense ratio

The close management of operating costs for Westfield Health remains a priority to ensure we operate in as efficient a manner as possible whilst providing the quality of service that our customers have learnt to expect from us. We are constantly looking at how we can do things differently or do different things. Operating costs include some non-capital work undertaken on the new insurance administration system to service policyholders; excluding these costs and the community giveback that is not eligible for gift aid results in an operating expense ratio of 22.1% (2025: 22.8%)

Combined ratio

The combined ratio was expected to be around 100% as claims return to normal levels following the COVID impact. Using the adjusted technical result gives a combined ratio of 95.0% for 2026 and 95.2% for 2025, showing a consistent operating level for the business in relation to income over the two years.

A.3. Investment performance

Investment income and expenses

On a Solvency UK basis, Westfield Health's investments were valued at £61.7m at 31 March 2026 (2025 £60.6m). Realised and unrealised gains and losses plus related income and expenses on these, as reported in the FRS 102 financial statements, are set out below:

	2026 £'000	2025 £'000
Rental income from investment property	1,116	1,089
Rental expenses	(456)	(478)
Income from other investments:		
Interest - fixed income securities	-	154
Interest - cash and deposits with credit institutions	560	530
Dividends - investment in equity instruments	637	785
	1,857	**2,080**
Profits/(Losses) on realisation of investments		
Fixed income securities	-	150
Equity instruments	284	817
Alternative investments	-	(48)
Total	**2,141**	**2,999**

Investment returns remained volatile during the year, over the twelve-month period the portfolio made a positive investment return of 7.4%.

During the year funds were removed from the investment portfolio to meet the cash requirements of the group as we continue to invest in our digital capability and IT infrastructure. This resulted in an overall net reduction in the portfolio of £3.5m.

No gains or losses on investments were reported directly in equity.

No direct investments are held in securitisations; Westfield Health has some indirect exposure via funds which include securitisations in their portfolios. Westfield Health has no appetite to use derivatives directly; asset managers may use derivatives for the purposes of risk management and efficient portfolio management.

A.4. Performance of other activities

Income and costs relating to other activities are set out in the income and expenditure account at the end of section A.1 above. "Other income" of £23.7m (2025: £20.3m) relates to the Group's non-insurance sales. "Other charges" of £23.3m (2025: £20.0m) relate to the cost of delivering the Group's non-insurance business.

Westfield House was professionally valued in March 2026 by Lambert Smith Hampton at £9.9m, a decrease of £0.2m compared to the previous year's valuation. This movement is included in the Income and Expenditure account to March 2026 as an increase in own use areas of (£614k) in the technical result and a decrease in the investment property element in the non-technical result of (£765k).

Charitable giving has continued throughout the year in support of Westfield Health's purpose of making a healthy difference to the quality of life of their customers and the communities in which they live and work.

Leases

Operating leases - Lessee

At 31 March 2026 Westfield Health had annual commitments under non-cancellable operating leases as follows:

Expiry Date:	2026 £'000	2025 £'000
Less than one year	155	155
Between one and five years	212	96
Total	**367**	**251**

Operating leases - Lessor

The future minimum lease payments receivable under non-cancellable leases as at 31 March 2026 are as follows:

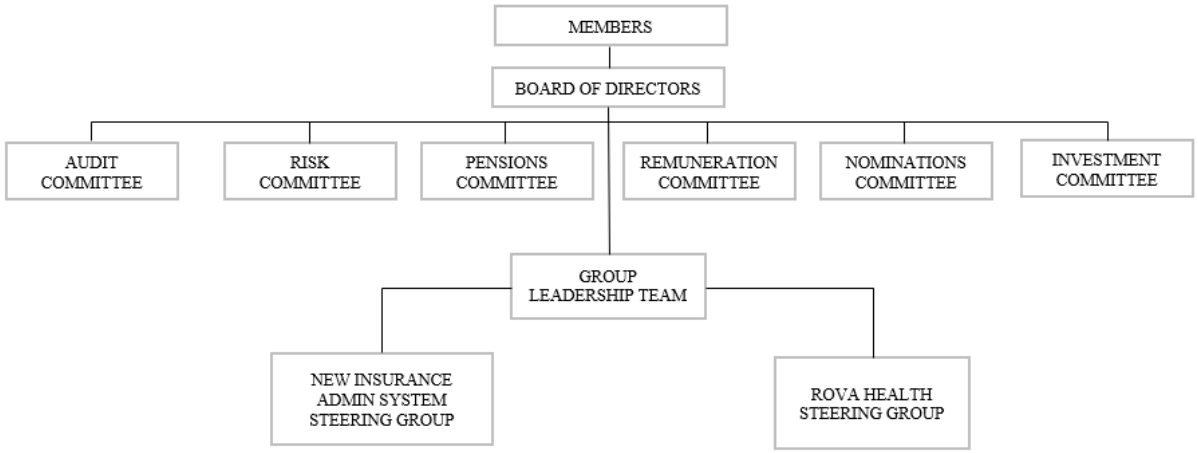
Expiry Date:	2026 £'000	2025 £'000
Less than one year	599	627
Between one and five years	962	1,422
Total	**1,561**	**2,049**

B. System of governance

B.1. General information on the system of governance

Board and committee structure and roles

Westfield Health's governance structure is laid out below:



Westfield Health is a company limited by guarantee, so has no shareholders, but rather has Members of the Company. Members take part in supervising the performance of the Company and its directors, to protect the interests of the Company. The Company's Articles of Association prohibit Members from benefiting as a result of their membership; as at 31st March there were 16 Members, each with an equal voting right, so no individual Member is considered to hold undue influence over management.

The Board of Directors has overall responsibility for the direction and governance of Westfield Health.

The Audit Committee is entirely non-executive in composition. Its role is to act as part of Westfield Health's "third line of defence", reviewing reports from internal and external audit.

The Risk Committee is comprised of a mixture of executive, non-executive directors, the Risk Manager and is regularly attended by the Compliance Manager and other operational managers from across the business. The committee includes certain members of the Audit Committee to ensure the two groups' work is complementary.

The Pension Committee is comprised of a mixture of executive and non-executive directors and reviews the operation of the Group's defined benefit and defined contribution schemes.

The Remuneration Committee is responsible for review and implementation of Westfield Health's remuneration policy, particularly where it applies to executive directors. Its membership is entirely composed of non-executive directors. A representative from HR acts as an advisor to the Committee.

The Nominations Committee is responsible for ensuring that the membership of the Board remains fit and proper. This includes selecting and recommending candidates, and succession planning for key Board roles, including executive and non-executive directors, and members. The Nominations Committee comprises the Chair of Westfield Health, the Chief Executive, and a Non-Executive Director. A representative from HR acts as an advisor to the Committee.

The Investment Committee is responsible for reviewing all aspects of Westfield Health's investment activities to ensure they are aligned with the Board's Investment Policy. Its membership comprises an executive director and other key members of the business.

The Group Leadership Team consists of the executive directors and other senior roles across the business. Its role includes the development of strategy for Board approval and managing the delivery of this strategy across Westfield Health.

This structure allows for the implementation of a "3 lines" risk management system. The "first line" comprises operational management, who are responsible for ensuring that adequate systems and controls are in place to manage risks in their areas. The "second line" comprises oversight functions (Compliance, Risk Management, and Actuarial functions) who advise and support managers in this role whilst retaining some operational independence; this second line reports to the Risk Committee. The "third line" is internal audit, which reports to the Audit Committee.

Key functions

Solvency UK defines four "key functions" - Internal Audit, Compliance, Risk Management and Actuarial – as essential for an effective system of governance in any insurer. Westfield Health has not identified any additional functions which it considers to be "key". To minimise repetition, information about the implementation of these functions is set out in sections of this report relating to their activities.

Key Function	Section Reference	Section Title
Actuarial	B.6	Actuarial function
Compliance	B.4	Internal Control
Internal Audit	B.5	Internal Audit
Risk Management	B.3	Risk Management

Changes to the system of governance

There have been no significant changes in the governance structure at Westfield Health during the year.

Remuneration policy

Principles

Westfield Health has a written remuneration policy, the key objectives of which are to ensure that Westfield Health is able to:

- Appropriately compensate employees and executive and non-executive directors for their services and to provide a flexible, competitive remuneration structure which:
    - reflects market practice and benchmarks;
    - is aligned to the performance of the business;
    - is tailored to the specific circumstances of Westfield Health;
    - is a transparent system throughout all levels of the Company;
    - attracts, motivates and retains highly skilled people; and
    - determines remuneration in a way that ensures a level of equity and consistency across the business.
- Focus on ensuring a sound and effective risk management through:
    - a robust governance structure for setting and communicating goals;
    - inclusion of both financial and non-financial goals in performance and result assessments;
    - making fixed salaries a main remuneration component and providing an overall competitive total reward package;
    - rewarding long term performance of Executive Directors; and
    - independent advice from external advisers.

- Support the long-term goal of being a great employer.
- Ensure that no-one will be involved in determining their own pay.

Variable remuneration and performance criteria

Westfield Health has five forms of variable remuneration, paid to executive directors, GLT, Heads of Department, sales staff, and other staff. In all cases, these bonus schemes are fully flexible and discretionary.

The annual bonus schemes reward performance aligned to the Group's business goals and individual contribution and performance aligned to role-modelling of the Group's values. The bonus amount is determined by Group performance across agreed key performance measures, not all of which are financial measures, and individual contribution determined by the achievement of objectives and behaviours displayed. This provides an opportunity for the Group to share its successes, in an affordable way, with everyone who has contributed towards its corporate goals and promotes and encourages the 'One Team' Group value.

For sales staff, the bonus scheme is based on the income generated by individual sales consultants and is calculated on a monthly basis. There is also a quarterly bonus based on the individual's portfolio value.

Long term incentive scheme

In addition to the above variable remuneration schemes there is also a long term incentive scheme for the executive directors. The scheme is a 3-year scheme which began in 2024-25, with payments based on the performance of the Group up to the year 2026-27. The scheme was created to focus executive attention on overall growth and momentum bringing the Group to a sustainable level of trading results. The executive directors will receive a share of the Group's performance up to March 2027 above a series of set thresholds.

Supplementary pension or early retirement schemes

There are no supplementary pension or early retirement schemes in place for any director or staff member at Westfield Health.

Material transactions with influential parties

During the year there have been no material transactions with members of the Board or Members of the Company, other than their remuneration.

The following transactions occurred in the year with other related parties:

	2026 £'000	2025 £'000
Transactions with associates:		
Income from associates	2	2
Payments to associates	(43)	(140)
	(41)	(138)

One director of the AWRC was also a director of Westfield Contributory Health Scheme Ltd during the year.

B.2. Fit & proper requirements

Westfield Health is committed to ensuring that everyone in leadership roles is fit and proper to manage the duties and responsibilities related to the key roles to which they are appointed. The Nominations Committee and appointments process in respect of Board members is crucial to strong corporate performance as well as effective accountability.

Before making an appointment, the Nominations Committee will evaluate the balance of skills, knowledge and experience on the Board and will develop a role profile to take account of the role and required capabilities in areas such as:

- market knowledge;
- leadership;
- business strategy and business model;
- system of governance;
- financial and actuarial analysis;
- regulatory framework and requirement; and
- risk management.

Westfield Health carries out a number of pre-employment checks for all Board and non-Board appointments including the following:

- Criminal Records Bureau – standard disclosure;
- address history;
- financial propriety checks (CCJ Bankruptcy, IVA);
- employment and personal references in line with FCA requirements;
- establishing if there is any evidence of regulatory sanctions or prohibitions;
- passport validation;
- qualifications vetting;
- five year general activity (self- employment, employment and education);
- verification of memberships and licenses; and
- investigative directorship search.

An annual declaration is completed by any approved person to ensure the ongoing monitoring of fitness and propriety of all approved role holders and is reviewed by the Nominations Committee.

All people in key leadership roles, including Non-Executives, participate in the mandatory training programme that is provided to all colleagues across the Group. This includes training on topics such as Anti-Bribery, Whistleblowing, Treating Customers Fairly and GDPR. Learning is completed in both face-to-face and online settings.

B.3. Risk management

Risk management system

Westfield Health uses a standard "three lines" model for risk management. The Chief Operating Officer holds the regulatory responsibility for risk management as the nominated Chief Risk Officer / SMF4 holder.

The first line is operational management. Managers within the business are responsible for implementing systems and controls so that risks are appropriately identified and managed.

The second line consists of oversight functions who provide support, review and constructive challenge to the first line. A dedicated Risk Manager provides guidance, oversight and review of the risk management framework, and a Compliance Manager supports management and the Board in ensuring that there are adequate procedures in place to manage risk around financial services regulatory compliance.

The Risk Committee reports directly to the Board and provides regular scrutiny of risk management across the group. Its membership includes non-executive Directors and members of management; it is regularly attended by other managers from across the business.

The third line is internal audit, whose role is to provide independent assurance, and which reports directly to the Audit Committee. Internal audit conducts risk-based audits throughout the Group during the year based on an annual plan which is agreed with the Audit Committee and the Board. Internal audit was outsourced throughout the year to ensure access to the widest possible range of expertise.

Key processes for ensuring that risks remain within appetite include:

- regular Board reporting includes metrics comparing key risks against risk appetite;
- the Risk Committee's regular agenda includes discussion of risks identified both by management and the second line functions. The Committee also has an annual workplan which covers all identified key risk areas;
- maintenance of a risk register covering key strategic risks;
- an annual "Own Risk and Solvency Assessment" (ORSA) process, led by the Risk Committee on behalf of the Board, where key risks & their controls are identified & assessed; and
- the ORSA process contributes to Westfield Health's capital and financial planning. Models are prepared in detail for five years and at high level to ten years under both the base case and various adverse scenarios.

Own Risk and Solvency Assessment

The ORSA process is co-ordinated by the Risk Management function with input from a wide range of stakeholders across Westfield Health. Material risks are identified and assessed by senior managers across the business. These are correlated to determine likely capital impacts and recommendations made for additional management actions.

A range of scenarios is developed in consultation with the Risk Committee and senior management. These scenarios are then applied to Westfield Health's balance sheet model to identify their impact on capital.

The resulting ORSA report and associated recommendations are reviewed by the Risk Committee and the Board prior to final review and approval by the Board.

Recommended actions from the ORSA are a standing agenda item for the Risk Committee. Any proposed decisions which are expected to have a significant impact on either the capital or risk profile of Westfield Health are assessed by a process which includes identifying their impact on the projected capital position, and determining whether the impact is so material that the ORSA requires re-performing. All Board proposals include a section on capital and solvency implications to ensure consideration is given to them.

The ORSA is generally performed once per year, unless an interim ORSA is considered necessary as described above.

Capital management

The Board recognises the importance of maintaining adequate solvency to ensure the long-term stability of Westfield Health. This is particularly important as all of Westfield Health's capital comes from retained earnings.

The Board intends that Westfield Health should hold a minimum of 150% of its Solvency Capital Requirement ("SCR") on a Solvency UK basis under any "base case" financial model, and a minimum of 125% of its Solvency Capital Requirement under any reasonably foreseeable adverse scenario.

B.4. Internal control

The Company's structure is relatively straightforward; its internal control system is proportionate to the complexity of the business. The Board sets the corporate culture and environment including the overall "tone from the top" around controls. It does this by setting and defining Westfield Health's strategy, risk appetite, vision, values and key policies; and by overseeing Westfield Health's operations, reviewing regular reports from management on performance against budget, strategy and risk appetite.

The GLT ensure the Company operates within their core values and purpose. They oversee operations and key projects as well as setting and modelling cultural expectations for managers and colleagues.

Managers have responsibility for ensuring the appropriate controls are in place to identify and mitigate risks to the operational areas under their responsibility.

The Risk Management and Compliance functions provide oversight around development and implementation of risk assessments and controls. The internal audit function provides a fully independent review of the effectiveness of the control environment for the Board.

Compliance function

Role

The Compliance function supports management and the Board in ensuring that there are adequate procedures in place to meet compliance and legal requirements and to manage compliance risk.

Authority

The Compliance function acts under a mandate from the Board. The annual Compliance Plan is approved by the Risk Committee.

The Compliance function has access to:

- All areas of the business as necessary to execute the Compliance plan.
- The Chief Executive, Risk Committee and Audit Committee to report any matter that they consider puts the business at risk from non-compliance with its regulatory and legal obligations

The Compliance function is led by a suitably qualified and experienced member of staff.

Reporting

The Compliance function has a management reporting line to the Chief Operating Officer via the Group Financial Controller and a functional reporting line to both the Risk Committee and Audit Committee. The Compliance function holder attends the meetings of these Committees. Written reports are submitted to each quarterly meeting of the Risk Committee and an annual report is submitted to the Board.

Independence

The Compliance function's independence from the business activities that it monitors is ensured by its formal status, which is stated and communicated through the Compliance Charter. To further ensure independence, the Compliance function as a whole or its individual members are not placed in a position where possible conflicts of interest may occur between compliance responsibilities and any other responsibilities.

Effectiveness

The effectiveness of the Compliance function is periodically reviewed and reported upon by the Internal Audit function.

B.5. Internal audit

During the year to March 2026, Westfield Health's internal audit was outsourced to RSM LLP ("RSM"); the role of Chief Audit Executive was fulfilled by an RSM partner and all internal audit staffing was the responsibility of RSM. The prescribed responsibility for internal audit oversight required under the Senior Managers & Certification Regime is held by Westfield's Chief Operating Officer. Westfield Health employ a Head of Risk & Assurance who performs additional assurance work to supplement and complement the internal audit work performed by RSM.

Scope of work

All of Westfield Health's activities (including outsourced activities) and legal entities are within the scope of Internal Audit. Internal Audit recommends which areas should be included within the annual audit plan by adopting an independent risk based approach. Internal Audit does not necessarily cover all potential scope areas every year. The audit programmes include obtaining an understanding of the processes and systems under audit, evaluating their adequacy, and testing the operating effectiveness of key controls.

Internal Audit can also, where appropriate, undertake special investigations and consulting engagements at the request of the Audit Committee, senior management and regulators.

Responsibilities

The Chief Audit Executive is responsible for preparing the annual audit plan in consultation with the Audit Committee and senior management, submitting the internal audit plan, internal audit budget, and resource plan for review and approval by the Audit Committee, implementing the approved internal audit plan, and issuing periodic audit reports on a timely basis to the Audit Committee and senior management.

The Chief Audit Executive is responsible for ensuring that the Internal Audit function has the skills and experience commensurate with the risks of the organisation. The Audit Committee makes appropriate enquiries of management and the Chief Audit Executive to determine whether there are any inappropriate limitations to scope or resource.

Reporting and independence

The internal audit plan of work is discussed with management but the internal auditors report to the Audit Committee.

Internal Audit staff remain independent of the business and report to the Chief Audit Executive who, in turn, report functionally to the Audit Committee and administratively to the Chief Operating Officer.

Internal Audit staff have no direct operational responsibility or authority over any of the activities they review. Therefore, they do not develop nor install systems or procedures, prepare records or engage in any other activity which they would normally audit. Internal Audit staff with real or perceived conflicts of interest must inform the Chief Audit Executive, then the Audit Committee, as soon as these issues become apparent so that appropriate safeguards can be put in place.

Other internal audit teams may be involved in the design and implementation of controls that will be/could be subject to internal audit review. Any such work is unrelated and the teams will be kept entirely separate. In those circumstances, the Chief Operating Officer is responsible for considering whether specific additional review procedures are needed to address any perceived or actual impairment of objectivity.

B.6. Actuarial function

Westfield Health's insurance business is relatively straightforward. Claims are typically high-volume, low-value and are reasonably predictable using straightforward pricing models. The period between an insured event and settlement of a claim is short, so technical provisions are modest compared to premiums or claims. As such the level of actuarial review required is limited.

The actuarial function is held by the Chief Operating Officer, who also holds the "Chief Actuary" role required under the Senior Insurance Managers' Regime.

Pricing is performed by the underwriting team under the supervision of the Chief Operating Officer. Significant or bespoke pricing decisions are reviewed by a group of individuals including the Chief Executive, Chief Operating Officer, and Managing Director of Insurance, who are able to provide independent review and challenge to these pricing proposals. Bespoke decisions are periodically reviewed by the Risk Committee.

Technical provisions are calculated by the Finance department and reviewed by the Group Financial Controller. They are subject to external audit on an annual basis and the process of maintaining the model includes regular comparison of previous estimates to actual out-turns.

The Finance department contributes its modelling expertise to the ORSA process under the supervision of the Chief Operating Officer.

This approach to the implementation of the actuarial function is considered proportionate to the level of risk and complexity inherent in Westfield Health's business.

B.7. Outsourcing

Westfield Health's outsourcing policy calls for an assessment of the importance of the service which is to be outsourced and specifies steps which are proportionate to the importance of the resulting arrangement. The objective of these is to ensure that all activities undertaken as an outsourced arrangement are adequately and proportionately controlled in order to ensure that the strategic objectives of the Group and its responsibilities to policyholders and other stakeholders are not compromised.

Westfield Health is currently using a number of outsourced service providers to provide important or critical operational functions:

Outsourced service	Location of Provider
Internal audit	UK
Data protection officer	UK
Investment management	UK

Westfield Health also outsources all staffing to Westfield Employment Services Limited, a wholly-owned subsidiary whose sole object is to provide staff to the Westfield Group.

B.8. Adequacy of governance arrangements

The Board of Directors are satisfied that the system of governance is adequate for the nature, scale and complexity of the risks inherent to Westfield Health.

C. Risk Profile

C.1. Underwriting risk

Underwriting risk is the risk of Westfield Health's insurance products not performing in line with expectations.

Risk assessment measures

The underwriting team is responsible for monitoring product group performance and insurance risk and report periodically to the Risk Committee.

Underwriting risk is assessed using the following measures:

Claims modelling and experience monitoring

Based on experience, Westfield Health prepares a budget for each product line. Product performance is monitored against this budget and deviations are investigated.

Market monitoring and tracking of claims trends

Westfield Health's cash plan claims are driven partly by behavioural factors. Claim trends, purchasing behaviour and other signals from the broader healthcare market are all monitored for indications that customer behaviour may not be in line with underwriting assumptions.

Description of material risk exposures

Risks arising from insurance contracts can be sub-divided into three elements as follows:

- premium risk – risk that insurance premiums received do not cover claims paid;
- reserve risk – risk that technical provisions for incidents incurred but not reported are inadequate; and
- catastrophe risk – risk of a mass accident, pandemic or other incident leading to exceptionally high levels of claims.

These are explained in more detail below.

Premium risk

Health Cash Plan

The nature of the Company's core Health Cash Plan (HCP) product, covering a significant proportion of premium income where claims are low in value and high in volume, tends to produce only small fluctuations in claims relative to the pricing of premiums. Product group performance and cash-plan insurance risk is monitored by the managing director of the insurance division and overseen by the Risk Committee.

Deficiencies in product pricing of HCPs could lead to adverse selection resulting in a large volume of loss-making insurance contracts being written. Product group performance is under constant review with active monitoring of all products for indications of such adverse selection; when identified, premiums are changed or sales practices amended to mitigate risk.

Private Health Insurance

The Private Health Insurance (PHI) product accounts for a small proportion of premium income. The PHI claims profile is more volatile than HCP claims as claim values are higher and incident rates are lower. PHI covers specified surgical procedures, with exposure limited to finite amounts, removing the exposure to high-cost novel treatments, chronic conditions and pharmaceuticals.

Reserve risk

Health Cash Plan

The Company's technical provisions for HCP business are small relative to premiums, which reflects the nature of this business. The Company has a 26-week period for a claim to be made from the incident date. This mitigates the risk that there is a significant volume of incidents outstanding which have not been claimed, thus reducing the value of the subsequent technical provision.

Included within some HCP is Personal Accident Insurance (PAI) which is underwritten by Westfield. Claims on PAI are lower in volume and higher in value than the rest of the HCP product and the 26-week period for making a claim does not apply. Reserves are maintained in line with historical observed experience and monitored to ensure they have been sufficient to cover claims that are raised.

Private Health Insurance

The reserve risk for PHI is small, reflecting the low technical provisions associated with this product group. The nature of the product is such that PHI claims must be reported to the Company before treatment has commenced, and claims are resolved within a short timescale.

Catastrophe risk

A catastrophic event may directly lead to increased incidents requiring hospitalisation or therapy treatments as well as resulting in accidental death or permanent disabilities, areas that are covered within the Company's HCPs. Given the geographical spread of the Company's portfolio the impact of a catastrophic event is assessed not to be material for cash plans.

Investment assets and the prudent person principle

This is not relevant to underwriting risk.

Risk concentration

Corporate paid business exposes Westfield Health to the risk of concentration with a single customer whose behaviour may not reflect that expected. In the case of cash plans, corporate cultures and the behaviour of the employer can lead to much higher incident rates than those anticipated. For private health insurance this is mitigated by the non-discretionary nature of the procedures covered.

Similarly, if a corporate customer or intermediary accounts for a significant proportion of Westfield Health's income, Westfield Health's financial results become dependent on retaining this business.

The value of premiums from large accounts and via key brokers is monitored to identify potential concentrations of underwriting risk.

Risk mitigation

In Westfield's core health cash plan business, claims are low in value & high in volume. Claim volume is largely driven by customer behaviour.

Claim trends, purchasing behaviour and other signals from the broader healthcare market are all monitored for indications that customer behaviour may differ from underwriting assumptions. When identified, appropriate actions are taken to mitigate risk, including targeted price changes where appropriate.

Risk sensitivity, stress and scenario testing

Westfield Health's ORSA looks at the total monthly and quarterly fluctuations in claim experience, separately for private health insurance and health cash plan business. These will include seasonal, random and behavioural/anti-selective fluctuations related to both types of business.

These "regular" fluctuations give an indication of the likely impact of more exceptional deviations for any of the above reasons.

The Health Insurance risk module of the Solvency Capital Requirement at the year-end was £13.1m. Westfield Health's internal estimate of a severe fluctuation in the claim ratio is significantly lower than this and therefore £13.1m is considered a highly prudent assessment of Westfield Health's sensitivity to severe adverse claims patterns.

C.2. Market risk

Market risk is the risk of loss arising from movements in investment markets.

Risk assessment measures

Market risks are measured through the following metrics and reported regularly to the Investment Committee, both at a detailed and an aggregate level:

- asset allocation and performance compared to benchmarks; and
- losses for the current portfolio under specific stresses.

The measures are key metrics that provide clear and insightful information to the Investment Committee.

Description of material risk exposures

Market risk is the risk of loss from movements in investment markets. Equity markets, interest rates, credit spreads or other financial markets all affect Westfield's investments. Any gains or losses arising on market movements are unrealised until the investment is sold, when they become realised. These risks have remained the same throughout the year.

With operations in continental Europe, the Group's operating results are exposed to fluctuations in foreign exchange markets, particularly between Sterling and the Euro. These risks are not material compared to other market risks.

Investment assets and the prudent person principle

The "prudent person principle" of Solvency UK is that insurers should select investments so that the portfolio as a whole has appropriate levels of security, liquidity and profitability, and that they should properly understand and manage the risks of all their investments. Westfield Health implements this requirement through its Investment Policy.

Westfield Health's Investment Policy specifies:

- Objectives & reporting requirements around both risk exposure & medium-term returns
- A requirement for a significant proportion of assets to be in very low-risk investments.
- Concentration limits for any one investment counterparty.
- Asset allocation reporting requirements. The selection process of managers for investments..

Westfield invests in several different multi-asset funds and portfolios. Exposure to a wide range of asset classes reduces risk by reducing correlation between assets while using multiple asset managers ensures Westfield is not relying on one company's market view.

Throughout the year an investment consultant was also engaged to provide investment risk management advice.

Risk concentration

Westfield Health does not have any identified material risk concentrations in its investment portfolio.

Risk mitigation

The key risk management approaches are set out under "prudent person principle" above; their effectiveness is assessed by tracking the measures set out above under "risk measurement".

Westfield Health has no appetite to use derivatives directly; asset managers may use derivatives for the purposes of risk management and efficient portfolio management. Several of Westfield Health's funds are hedged back to sterling by the relevant fund managers; all fund managers' performance is measured against sterling benchmarks.

The UK and European businesses operate largely independently. To an extent cash flows can be timed to optimise exchange rates.

Risk sensitivity, stress and scenario testing

Westfield Health's ORSA report includes an extensive section on stress and scenario analyses related to market risks.

These include the impact of equity market movements, interest rate and spread changes, currency market movements and changes in property markets.

In its balance sheet modelling, Westfield Health has also modelled the impact of a severe recession, in which:

- Investments fall by 10% and produce no yield for 3 years
- Claim inflation, operating and third party costs all increase by 5%/annum relative to budget for the years ending 2026, 2027 and 2028
- Insurance sales fall by 20% and Wellbeing sales by 50% from October 2025 to April 2028

Westfield Health's reserves are sufficient to allow several years to adjust to such a scenario without breaching capital requirements.

The market risk module of the Solvency Capital Requirement, reflecting a "one-in-two-hundred year" shock, was £20.0m, accounting for the majority of Westfield Health's Solvency Capital Requirement.

C.3. Credit risk

Credit risk is the risk that failure of a counterparty (supplier, customer or investee) could lead to financial or other loss for the Group or its customers.

Risk assessment measures

Credit checks are undertaken on suppliers and credit ratings are periodically reviewed for major financial partners (such as banks).

Policyholder debtors are reviewed and overdue balances investigated.

Description of material risk exposures and mitigation

Westfield Health does not have material exposure to credit risk other than its banking relationships, which are mitigated by holding cash with reputable banks, whose credit ratings are regularly monitored. Credit risk exposure in the investment portfolio is managed by imposing a limit on the total exposure to individual counterparties.

Policyholder debtors are low in value. Policyholder debtors are reviewed, and overdue balances investigated. The wellbeing businesses have higher-value debtors but these balances relate to very large and solvent businesses, so credit risk is considered very limited.

Investment assets and the prudent person principle

As disclosed above, Westfield Health's Investment Policy limits its exposure to any one financial institution.

Risk concentration

As above, Westfield Health's only material credit risk arises from its banking relationships. These are not considered so material as to give rise to a material concentration of credit risk.

Risk sensitivity, stress and scenario testing

As described above, credit risk is not considered sufficiently material to include in Westfield Health's stress testing programme.

The counterparty default risk element of the Solvency Capital Requirement was £1.2m, primarily driven by the deposits held with banks and building societies at year end.

C.4. Liquidity risk

Liquidity risk is the risk of not having sufficient liquid resources to meet liabilities as they fall due.

Risk assessment measures

The Finance department prepares a regular cash flow forecast. Monitoring of historic cash flows allows an estimate of how much cash which may be required and hence exposure to liquidity risk.

Description of material risk exposures

Westfield Health usually requires all health cash plan claims to be submitted within 26 weeks of being incurred; the aim is to process claims promptly upon receipt. The nature of the insurance written by Westfield Health therefore means that liquidity risks are mainly short-term.

Liquidity risk could arise from failures in cash flow forecasting and planning; or from actual cash flows being materially different to expectations, due to either higher- than-expected claims or the failure of an expected cash inflow (e.g. premium collection).

Investment assets and the prudent person principle

As discussed under "risk mitigation" below, the Investment Policy requires a high proportion of investments to be liquid in nature with restrictions on investments which are less liquid.

Risk concentration

The only identified concentration of liquidity risk is that Westfield Health uses a single bank for current account provision. Westfield Health has access to a separate bank in the event of any issues experienced by the main banking provider.

Risk mitigation

Westfield Health aims to usually hold at least £2.5m in cash, and never less than £1.5m. This is estimated to be enough to allow for unexpected fluctuations and large cash outflows. A minimum of two month's gross premiums is held in assets with a liquidity term of a maximum of one month, to allow for severe unexpected cash flows.

Expected profits in future premiums

Expected profits in future premiums are not a material factor for Westfield Health's liquidity management; as at 31 March 2026 their value was nil.

Risk sensitivity, stress and scenario testing

Given the nature of Westfield Health's insurance business, its high cash holdings and the liquid nature of its investments, long-term liquidity risk is not considered material. The liquidity requirements above were set on the basis of modelling the situation if a major cash inflow – such as a premium collection – fails. The minimum acceptable cash balance is based on Westfield Health's maximum "typical" cash outflow over a two-week period, as it may take up to two weeks to liquidate assets or get additional funding arranged in the case of a major cash inflow failing. These requirements are reviewed as part of the ORSA process.

C.5. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, or from external events.

Risk assessment measures

Operational risks are recorded on Westfield Health's Risk Register. Key risk areas and themes from the risk register are assessed in more detail as part of the ORSA process.

Westfield Health's risk appetite measures operational risk exposure and appetite against metrics including:

- direct financial cost;
- business interruption and lost time;
- staff turnover and absenteeism;
- reputation; and
- regulatory breach.

Description of material risk exposures

New IT system

Westfield Health has now implemented a new insurance administration system. The new system is being used for most consumer business and the majority of new corporate sales, and our focus now is on moving existing corporate customers across. During this bedding-in period, internal processes are changing and it is likely that issues with the system will be identified. To manage these risks, colleagues are trained; resource made available to cover any transitional inefficiency; and the development team remain on standby to support colleagues and resolve issues.

Data availability and security

IT failures could lead to significant issues, for example system downtime, lost productivity and data corruption, theft, or loss. Cyber security is high on the Board and Risk Committee's agenda. In the UK, Westfield Health's Information Security Management System (ISMS) is certified to the ISO27001 standard and operates a process of continuous improvement, which includes regular investment in cyber defences and periodic independent testing.

All staff undergo annual training in Information and Data Security.

Laptop hard disks are encrypted, and data is encrypted in transit using a VPN for staff working from home.

IT infrastructure is located at two separated locations, with migration to cloud services complete for most systems. The replacement IT system being developed is entirely cloud hosted to satisfy resilience and scalability requirements.

Across the Group we have business continuity and disaster recovery plans in place, as well as comprehensive cyber-insurance. Within the Insurance business, implementation of the Operational Resilience regulations has further strengthened our position.

Key personnel

Some reliance on key individuals is expected both at operational and senior management level. This is managed by HR policies/approaches, documenting core processes, developing continuity and succession plans and aiming to ensure that, where possible, there is cover in place for key person

absences. Creating the GLT structure helped mitigate some of the risk of key senior management dependencies.

HR policies and recruitment practices are regularly reviewed to enhance diversity and inclusion, to attract a broader pipeline of talent.

Staff turnover is monitored. There are regular surveys and regular reporting mechanisms give insight into people related matters.

Suppliers and counterparties

Failure of a supplier could lead to financial or other loss for the Group or customers.

The Group procurement policy aims to ensure that supplier relationships are managed in a manner which is proportionate to the relevant risks, encompassing due diligence, ongoing management, and contingency planning – including consideration of when a backup supplier should be identified.

Regulation

Regulatory breaches could have serious consequences for the Group, including fines, reputational damage and potentially even loss of permission to operate. Key areas of regulation relevant to Westfield Health include financial services, data protection and health and safety. A Compliance Manager supports the business in compliance with financial services regulation. Our Data Protection Officer supports data protection compliance. The Wellbeing division has a Quality, Health, Safety and Environment Manager whose key role is to oversee the extensive safety programmes which manage risks to user safety in our Active Spaces.

We continuously monitor changes to regulations and regularly work with outside experts, including internal audit, to review specific areas of compliance. An internal compliance monitoring programme gives further assurance that controls are appropriately designed and operating as expected, whilst regular safety audits on sites give assurance that safety processes are working as expected.

All staff receive relevant continuous professional development and training. Data security arrangements – discussed above – reduce the likelihood and impact of data breaches.

Business strategy

Risks include inappropriate strategies being set by senior management and non-delivery of appropriate strategies.

The Board reviews strategy development & business planning, which includes both detailed short-term budgets and long-term projections of the impact of strategy on capital and solvency requirements. Key management information is shared with the Board monthly, ensuring the Board are aware of deviations from these plans.

There are Group Leadership Team sponsors for main strategic objectives to enhance accountability.

Functional plans for departments and projects are reviewed and prioritised in line with strategic planning.

Our HR strategy supports the delivery of strategic objectives.

Reputation

A loss of reputation leads to a loss of stakeholder goodwill. Depending on the stakeholder this can lead to reduced revenue, unwelcome staff turnover, or regulatory intervention.

Key risks which could lead to reputation impacts include:

- Failure to deliver excellent customer service.
- Data security or financial services regulatory breach.

- Ethical choices – ranging from which jurisdictions or clients to serve, through to inappropriate responses to climate change via investment choices or business operations.
- Offering propositions which are outdated or not aligned with market requirements.

Reputation risk arises from operational or strategic risks crystallising, leading to a gap between stakeholder expectations and their actual experience; reputation risks are therefore managed by managing these other risks.

Investment assets and the prudent person principle

This is not relevant for operational risk.

Risk concentration

Westfield Health does not believe that it has any significant concentrations of operational risk.

Risk mitigation

The key mitigation for operational risk is operational controls, including the culture and control environment of Westfield Health. The Risk Committee receives regular reports on key operational risk exposures; the internal audit function also reviews operational risk areas as it considers appropriate. There is also a framework for identifying, reporting and escalating operational risk incidents.

The only "risk mitigation" (other than operational controls) used by Westfield Health for operational risk is the purchase of certain insurances such as employers' liability, property, and cyber insurance.

Risk sensitivity, stress and scenario testing

Westfield Health has quantified the financial impacts of the key operational risks noted above in its ORSA. Westfield Health has also considered hypothetical scenarios including a major operational incident leading to significant loss of customers, regulatory sanction and reputational damage. An event of this nature would cause significant financial loss – and would reflect a breach of trust with key stakeholders - but does not pose a threat to Westfield Health's solvency.

C.6. Other material risks

Pension Funding Requirements

Westfield Health has a defined benefit pension scheme. The scheme closed to future accrual in 2016, which significantly reduces the expected cost of future benefits. Changes in factors including financial markets, actuarial assumptions and regulation can change the scheme's funding requirements.

The last full actuarial valuation was performed as at 31 March 2024 and showed a surplus of £0.2m. The scheme shows a surplus of £38k (2025: £75k deficit) as at 31 March 2026 under the FRS 102 valuation.

The scheme has a professional trustee, who is actively involved with the Group to ensure that the scheme is adequately funded and appropriately managed. Liability-driven investments are used to mitigate the risks of inflation & interest rate movements. The scheme's investment strategy aims to ensure that it is sufficiently funded, mitigating (though not completely eliminating) the risk of future costs being incurred by the Company.

Economic environment

Recent years have seen an extended period of economic uncertainty and upheaval. Uncertainty, inflation and recession are expected to have an impact on discretionary spending, including Westfield Health products; however, sales across the group remain strong with businesses continuing to invest. Experience shows that Westfield Health's insurance products fare relatively well during turbulent times, while employee wellbeing is an area of focus for many businesses as they seek to attract and retain talent, which creates opportunities for the Group.

Westfield Health models a range of economic scenarios so has contingency plans in place. Our pricing strategy takes account of projected inflation and pressure on business and household finances.

Insurance Premium Tax (IPT) increases

It is possible that IPT will increase in the future, though the amount and timing are very uncertain. Even a small rise in IPT would result in a large reduction in Westfield Health's technical result. The harmonisation of IPT with VAT in a single step increase is improbable, but not impossible; if the current 12% rate of IPT were increased to 20% to align with VAT this would represent a huge cost for Westfield Health without management action. Increases in the cost of mandatory insurances due to IPT increases may also reduce client appetite for discretionary insurance products including health insurance. Westfield Health has considered the impact on policyholders of an increase of IPT and how or when this would be passed on to policyholders through scheme changes.

Competitive marketplace

In the health cash plan market, there is the risk of being undercut on price or outperformed on customer services by competitors. Westfield Health seeks to price our business competitively but will not seek to "buy" market share with unsustainable premiums; feedback from customers indicates that they appreciate our sustainable pricing.

Feedback from customers is that our customer service remains outstanding. Our newly implemented IT system enables customers and brokers to manage their accounts fully digitally, with a customer experience that feedback tells us is currently market-leading.

In the non-insurance market, the cost of entering the market can be relatively low, and more attractive given the increased importance and awareness of employee wellbeing over the last few years. There is therefore the risk that competitors could replicate or surpass our existing propositions.

Our proposition development is evidence-based and disciplined, taking learnings from both the marketplace and our own research to select and prioritise enhancements, to deliver relevant and proven new products for continued growth.

D. Valuation for solvency purposes

General

Solvency UK requires assets and liabilities to be valued on a market-consistent basis whilst Westfield Health's financial statements are prepared on the basis of UK GAAP (FRS102 and FRS103). This is largely, but not entirely consistent with Solvency UK and therefore certain adjustments are required in order to comply with the requirements of Solvency UK.

The following table sets out the key differences between Westfield Health's Solvency UK balance sheet and that provided in the statutory financial statements. The full Solvency UK balance sheet is presented in template IR.02.01.01 in Appendix 1.

Summary balance sheet as at 31 March 2026 on Solvency UK and statutory accounts bases

	Statutory accounts value	Solvency II value	Difference
	£'000	£'000	£'000
Assets			
Intangible assets	10,189	-	(10,189)
Property, plant & equipment held for own use	4,711	4,260	(451)
Investment Property	5,680	5,680	-
Investments in related undertakings	128	4,858	4,730
Equities	338	338	-
Collective Investments Undertakings	39,959	39,959	-
Deposits other than cash equivalents	10,880	10,880	-
Receivables	3,837	3,409	(428)
Pension benefit surplus	38	38	-
Cash and cash equivalents	6,496	6,496	-
Total assets	**82,256**	**75,918**	**(6,338)**
Liabilities			
Technical provisions	4,857	5,517	660
Deferred tax liabilities	663	663	-
Payables	6,016	6,016	-
Total liabilities	**11,536**	**12,196**	**660**
Excess of assets over liabilities	**70,720**	**63,722**	**(6,998)**

D.1. Assets

Value

The value of each material class of asset is set out in the Solvency UK balance sheet, presented in template IR.02.01.01, and summarised above.

Recognition and valuation bases, assumptions, judgements and differences

Intangible assets

Westfield Health holds software licences which are not transferable. Under UK GAAP, these are recognised at cost, less amortisation, less impairment. Under Solvency UK, these are valued at £nil on the Solvency UK balance sheet as they are not considered readily convertible to cash.

This has the effect of decreasing intangible assets by £10,189k to £nil.

Property plant and equipment held for own use

The Solvency UK balance sheet requires these assets to be valued at an estimated market value.

Plant and equipment have been valued at nil on the Solvency UK balance sheet, as their market value is not practical or cost-effective to estimate and the Solvency UK regulations do not permit the use of depreciated cost.

This has the net effect of decreasing the value of property, plant and equipment held for own use by £451k to £4,260k.

Investment Property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost at initial recognition. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure such as legal and brokerage fees, property transfer taxes and other transaction costs. Subsequently investment properties are held at fair value. A full valuation is obtained from a qualified valuer for each property every year. This basis is consistent between the financial statements and the Solvency UK balance sheet.

Investments in related undertakings

For its financial statements, Westfield Health measures its investments in associates and subsidiaries at cost less any accumulated impairment losses. For the Solvency UK Balance Sheet, Westfield Health measures its investments in associates at Westfield Health's share of the net assets of the associate, measured on a Solvency UK basis.

This has the effect of increasing investments held in related undertakings by £4,730k to £4,858k.

Receivables

The financial statements include prepayments relating to software totalling £428k. Under Solvency UK, these are valued at £nil on the Solvency UK balance sheet as they are not considered readily convertible to cash.

This has the effect of decreasing receivables by £428k to £3,409k.

Defined benefit pension plan

Westfield Health maintains a defined benefit pension plan that is closed to future accrual. The valuation of the pension plan is consistent between the financial statements and Solvency UK.

The liabilities and, where applicable, the assets of the defined benefit plan are recognised at fair value in the balance sheet. An updated valuation for accounting purposes is performed annually by a qualified actuary using the projected unit credit method with a full valuation for funding purposes conducted every three years by the defined benefit plan's appointed actuary.

There is uncertainty around the valuation of the pension scheme deficit. Key assumptions underlying the liability component are selected with the assistance of an appropriate qualified actuary and the liability is valued in line with accounting standards; as noted above changes in assumptions can have a significant impact on the valuation of the scheme.

Apart from the differences mentioned above, the SII valuation and recognition of investments follows the FRS 102 treatment as per the financial statements:

Recognition

The asset values of investments are recognised when Westfield Health becomes a party to the contractual provisions of the instrument. They are derecognised only where the contractual rights to the cash flows from the instrument expire or the instrument is sold or transferred and the sale or transfer qualifies for de-recognition.

Fixed income securities

Fixed income securities are measured initially at fair value, which is the transaction price less attributable transaction costs. Subsequent to initial recognition investments are measured at fair value.

Investments in equity instruments

Investments in equity instruments are measured initially at fair value, which is the transaction price less attributable transaction costs. Subsequent to initial recognition investments are measured at fair value.

Deposits with credit institutions

Cash deposits are measured at fair value which is the cash deposit value plus accrued interest.

Cash

Cash comprises cash balances which are repayable on demand. They are measured at fair value.

Unlisted Investments

Unlisted Investments in real estate funds are valued in line with the net asset valuation of the fund as communicated by the fund manager. Unlisted Investments in bonds and shares which are not tradable on quoted listed markets are measured at cost which is deemed to represent fair value.

Fair value measurement and valuation hierarchy

FRS 102 fair value measurement establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

- level 1 : Using the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;
- level 2 : Using inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly; and
- level 3 : Using inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Listed investments totalling £38,239k (2025: £39,753k) are stated at bid market price and are all based on Level 1 inputs.

Deposits with credit institutions, £10,880k (2025: £12,765k), are all due within 6 months. The carrying value represents fair value under Level 1 inputs.

Unlisted investments consist of real estate funds totalling £1,720k (2025: £1,734k) whose value is based on the Open Ended Investment Company (OEIC)’s net asset value price as at the year end date and small bond and shareholdings totalling £338k (2025: £338k) based on cost which is deemed

an appropriate approximation of fair value. The valuation of unlisted investments use Level 3 inputs.

Level of uncertainty

There are no areas considered to have a significant level of uncertainty.

D.2. Technical provisions

Value and valuation method

Westfield Health only underwrites one line of business (health insurance); the value of technical provisions, split out into best estimate and risk margin, is set out in the Solvency UK balance sheet, presented in template IR.02.01.01 and are set out below:

Gross Technical Provisions	Statutory accounts value £'000	Solvency UK value £'000	Difference £'000
Claim provision	3,744	5,009	1,265
Premium Provision	1,113	(108)	(1,221)
Risk Margin	N/A	616	616
	4,857	**5,517**	**660**

Valuation method

Best estimate claims provision

Claims reported but not paid at the balance sheet date are included based on claims settled after the reporting date. This method is the same for Solvency UK and the financial statements.

Claims incurred but not reported at the balance sheet date are estimated based on statistical projections from Westfield Health's experience over the most recent 12 months, with appropriate adjustments made for identified anomalies in the data. This method is the same for Solvency UK and the financial statements.

Administrative costs for the claims provision are calculated on a different basis for Solvency UK and the financial statements. The financial statements include a provision for the cost of handling claims only. The Solvency UK claims provision is required to include a provision for related administrative expenses, acquisition costs and overheads. For the Solvency UK balance sheet this is calculated on the basis of administrative costs as a percentage of annual claims cost. This results in an increase in the best estimate claims provision of £1,265k from £3,744k to £5,009k.

Best estimate premium provision

In the financial statements, technical provisions comprise the best estimate claims provision (as above), premiums received not yet earned, and premium rebates due to customers under surplus share agreements.

On the Solvency UK balance sheet, the premium provision consists of an estimate of the following items for contracts bound at the reporting date, up to their contract boundary:

- premiums to be earned;
- claims to be paid; and
- other expenses to be paid in relation to these contracts, as described for the claims provision.

The contract boundary for monthly renewable contracts is treated as one month after the reporting date. For annual contracts it is treated as the date of renewal of the contract; it is assumed that all contracts entering into force in the first month following the reporting date were bound before the reporting date.

Each element of the premium provision is calculated on the basis of budgeted income and expenditure; experience indicates that Westfield Health's business is highly predictable and material variances from budget are rare.

For the financial statements, the premium provision has a credit value of £1,113k; for the Solvency UK balance sheet this value is a debit of £108k, a difference of £1,221k.

Risk margin

The Risk Margin is not a concept used under UK GAAP and so does not appear in the financial statements. Its aim is to quantify the amount, in excess of the best estimate, which Westfield Health would have to pay a third party to take on its insurance obligations to compensate for the uncertainty in the best estimate.

The very short duration of Westfield Health's technical provisions means that the calculation is relatively straightforward as the technical provisions are extinguished within 12 months of the reporting date.

It is calculated using the Standard Formula Solvency Capital Requirement for a hypothetical insurance company which has:

- no market risk;
- immaterial counterparty default risk;
- net premium income last year matching that of Westfield Health, with estimated premium income next year being the estimated cash inflows associated with the technical provisions;
- net best estimate claims provision matching Westfield Health; and
- health catastrophe risk matching that of Westfield Health

This Solvency Capital Requirement is multiplied by the Cost of Capital, defined by the Bank of England as 4% (2025: 4%), to give a risk margin of £616k.

The combined impact of all of these adjustments is an increase of £660k in technical provisions from £4,857k in the financial statements to £5,517k for the Solvency UK balance sheet.

Level of uncertainty

Westfield Health considers that its technical provisions are subject to a low level of uncertainty. Technical provisions are low in value compared to annual premiums; claims are high-volume, low-value and are considered highly predictable. By the time of audit of the financial statements most technical provisions are extinguished allowing a high level of confidence in their value.

Adjustments

Westfield Health does not apply either a matching adjustment or a volatility adjustment to its technical provisions; neither does it apply any transitional measures in their calculation.

Other disclosures

Changes in assumptions

No material changes have been made in the assumptions used to calculate technical provisions compared to the previous reporting period.

D.3. Other liabilities

Value

The value of each material class of liability is set out in the Solvency UK balance sheet, presented in template IR.02.01.01.

Valuation bases

Deferred tax

There is no difference between the valuation of deferred tax in the Solvency UK balance sheet or the financial statements balance sheet.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in associates to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided for the additional tax that will be paid or avoided on a difference between the amount at which an asset (other than goodwill) or liability is recognised in business combinations and the corresponding amount that can be deducted for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Other liabilities

The nature of all of Westfield Health's other liabilities are trade payables. All of these are short-term payables so the carrying value is considered a reasonable approximation to the fair value; the valuation of these is therefore consistent between the financial statements and the Solvency UK balance sheet.

Westfield Health does not have any contingent liabilities.

D.4. Alternative valuation methods

As noted in D.1., Westfield Health has £338k of unlisted investments in bonds and equities held at cost. This valuation is the directors' best estimate and is considered proportionate to the small value of these investments.

D.5. Other information

Westfield Health does not have any other information to disclose regarding its valuation methods.

E. Capital management

E.1. Capital management and availability of capital

Objectives, policies and processes

All of Westfield Health's capital originates from retained earnings. The Board recognises the importance of maintaining adequate solvency to ensure the long-term stability of Westfield Health.

While the Board recognises that having significant capital reserves is particularly beneficial in times of market and economic uncertainty, it also acknowledges that holding excessive reserves can be an inefficient use of policyholders' funds. The Board intends that Westfield Health should hold a minimum of 150% of its Solvency Capital Requirement (on a Solvency UK basis) under any "base case" financial model, and a minimum of 125% of its Solvency Capital Requirement under any reasonably foreseeable adverse scenario.

The balance sheet model is run over a ten-year period. The level of detail in the forecast decreases from a fully detailed budget for the first three years; management prepares estimates for the next two years; trends are then extrapolated for the final five years to provide an indication of the possible position in ten years' time.

There have been no changes to the capital management policies and objectives during the reporting year.

Structure, amount and quality of own funds

Westfield Health has no shareholders and no debt so the capital in the financial statements comes from retained earnings. The excess of assets over liabilities on the Solvency UK balance sheet forms the "reconciliation reserve"; this reconciliation reserve constitutes all of Westfield Health's "own funds" for Solvency UK reporting purposes.

Under Solvency UK, own funds are classified into three tiers according to their ability to absorb losses, and only a limited proportion of own funds from lower tiers can be used to cover the Solvency Capital Requirement or Minimum Capital Requirement.

All of Westfield Health's capital, shown in the Solvency UK balance sheet, is "tier one" – the highest quality capital – and is eligible to cover both the Solvency Capital Requirement and the Minimum Capital Requirement. As at 31 March 2026, Westfield Health recognised no deferred tax assets, which would be classed as "tier three" capital – the lowest quality capital.

Transitional arrangements

Westfield Health has no spread or concentration risk arising from exposures to EU member states' or central banks' debt which is denominated in a currency other than the state's own currency. Therefore the transitional arrangement in Article 308b(9) of the Solvency UK directive is not relevant.

Other factors affecting own funds

Westfield Health has no ancillary own funds and no items have been deducted from own funds.

E.2. Capital requirements

Capital Requirements

Solvency UK defines two capital requirements. The Solvency Capital Requirement is an estimate of enough capital to survive a "one-in-two-hundred year" shock; the Minimum Capital Requirement is an estimate of enough capital to survive a "one-in-eight year" shock.

Westfield Health's capital requirements, and own funds available to cover those requirements, as set out in template IR.23.01.01 in Appendix 1, are as follows:

	2026 £'000	2025 £'000
Solvency Capital Requirement	28,576	27,875
Minimum Capital Requirement	7,144	6,969
Own Funds	63,722	65,346
Own Funds / SCR	223%	234%
Own Funds / MCR	892%	938%

The annual movement in own funds represents the surplus generated by Westfield Health for the year less the investment in intangible assets which are effectively expensed for Solvency II purposes.

Solvency Capital Requirement

Under Solvency UK, insurers can either use a "standard formula" or develop their own "internal model" to calculate their Solvency Capital Requirement. Internal models are mainly used by the largest insurance companies with complex risk profiles; Westfield Health uses the standard formula. The standard formula produces a capital requirement for a number of defined categories of risk (modules); the total capital requirement is reduced to allow for diversification between these categories as set out in template IR.25.01.21 in Appendix 1.

	2026 £'000	2025 £'000
Health underwriting risk	13,109	12,789
Market risk	19,972	19,077
Counterparty default risk	1,154	889
Operational risk	2,447	2,313
Loss-absorbing capacity of deferred taxes	(742)	(215)
Diversification benefit	(7,364)	(6,978)
Solvency Capital Requirement	**28,576**	**27,875**

Where appropriate, the standard formula can be varied by the use of simplifications, or by the use of undertaking-specific parameters. No simplifications and no undertaking-specific parameters have been used. Where the PRA believes that there are specific issues which mean that the standard formula does not adequately reflect the risks relating to a firm, it is also able to impose add-ons to increase the Solvency Capital Requirement; the PRA has not imposed a capital add-on for Westfield Health.

The year-on-year increase in health risk is driven by the growth in Westfield Health's business. The increase in market risk is driven by changes in the asset allocation within the portfolio during the year.

Minimum Capital Requirement

The Minimum Capital Requirement is calculated by a linear calculation based on premiums and technical provisions, with a "floor" and "cap" of 25% and 45% respectively of the Solvency Capital Requirement. In both 2026 and 2025 the linear calculation relating to premiums and technical provisions produced a value lower than this 25% floor so Westfield Health's Minimum Capital Requirement was based on this floor. The year-on-year increase in Minimum Capital Requirement is therefore driven by the increase in Solvency Capital Requirement explained above.

E.3. Other disclosures

Westfield Health does not use a duration-based equity risk calculation.

Westfield Health has at no point been non-compliant with any capital requirements.

Westfield Health has no other information to disclose regarding its capital requirements.

Directors' Responsibility Statement

We acknowledge our responsibility for preparing the SFCR in all material respects in accordance with the PRA Rules and the Solvency UK Regulations.

We are satisfied that:

- throughout the financial year in question, Westfield Health has complied in all material respects with the requirements of the PRA Rules and the Solvency UK Regulations applicable to the Company; and
- it is reasonable to believe that Westfield Health has continued to comply subsequently, and will continue to comply in future.

Dave Capper
Chief Executive Officer
10 July 2026

Appendix 1 - Quantitative Reporting Templates

IR.02.01.01 - Balance Sheet

	Assets	Solvency UK value
		£'000
		C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	38
R0060	Property, plant & equipment held for own use	4,260
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	61,715
R0080	Property (other than for own use)	5,680
R0090	Holdings in related undertakings, including participations	4,858
R0100	Equities	338
R0110	Equities - listed	-
R0120	Equities - unlisted	338
R0130	Bonds	-
R0140	Government Bonds	-
R0150	Corporate Bonds	-
R0160	Structured notes	-
R0170	Collateralised securities	-
R0180	Collective Investments Undertakings	39,959
R0190	Derivatives	-
R0200	Deposits other than cash equivalents	10,880
R0210	Other investments	
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	
R0240	Loans on policies	
R0250	Loans and mortgages to individuals	
R0260	Other loans and mortgages	
R0270	Reinsurance recoverables from:	
R0280	Non-life and health similar to non-life	
R0315	Life and health similar to life, excluding index-linked and unit-linked	
R0340	Life index-linked and unit-linked	
R0350	Deposits to cedants	
R0360	Insurance and intermediaries receivables	2,576
R0370	Reinsurance receivables	-
R0380	Receivables (trade, not insurance)	833
R0390	Own shares (held directly)	-
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	-
R0410	Cash and cash equivalents	6,496
R0420	Any other assets, not elsewhere shown	-
R0500	Total assets	75,918

IR.02.01.01 Balance Sheet (continued)

	Liabilities	Solvency UK value
		£'000
		C0010
R0505	Technical provisions - total	5,517
R0510	Technical provisions - non-life	5,517
R0515	Technical provisions - life	-
R0542	Best estimate - total	4,901
R0544	Best estimate - non-life	4,901
R0546	Best estimate - life	-
R0552	Risk margin - total	616
R0554	Risk margin - non-life	616
R0556	Risk margin - life	
R0565	Transitional (TMTP) - life	
R0730	Other technical provisions	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	-
R0770	Deposits from reinsurers	-
R0780	Deferred tax liabilities	663
R0790	Derivatives	-
R0800	Debts owed to credit institutions	-
R0810	Financial liabilities other than debts owed to credit institutions	-
R0820	Insurance & intermediaries payables	-
R0830	Reinsurance payables	-
R0840	Payables (trade, not insurance)	6,016
R0850	Subordinated liabilities	
R0860	Subordinated liabilities not in Basic Own Funds	
R0870	Subordinated liabilities in Basic Own Funds	
R0880	Any other liabilities, not elsewhere shown	
R0900	Total liabilities	12,196

R1000	Excess of assets over liabilities	63,722

IR.05.02.01.01 Premiums, claims and expenses by country

R0010	Non-life	Home Country £'000	Total £'000
		C0080	C0140
	Premiums written		
R0110	Gross - Direct Business	81,565	81,565
R0120	Gross - Proportional reinsurance accepted		
R0130	Gross - Non-proportional reinsurance accepted		
R0140	Reinsurers' share		
R0200	Net	81,565	81,565
	Premiums earned		
R0210	Gross - Direct Business	80,835	80,835
R0220	Gross - Proportional reinsurance accepted		
R0230	Gross - Non-proportional reinsurance accepted		
R0240	Reinsurers' share		
R0300	Net	80,835	80,835
	Claims incurred		
R0310	Gross - Direct Business	56,837	56,837
R0320	Gross - Proportional reinsurance accepted		
R0330	Gross - Non-proportional reinsurance accepted		
R0340	Reinsurers' share		
R0400	Net	56,837	56,837
R0550	**Expenses incurred**	25,475	25,475

IR.05.04.02 Premiums, claims and expenses by line of business

	Non-life	All business (including annuities stemming from accepted non-life insurance and reinsurance contracts)	All non-life business (ie excluding annuities stemming from accepted insurance and reinsurance contracts)	Non-life insurance and accepted proportional reinsurance obligations
				Medical expense insurance
		£'000	£'000	£'000
		C0010	C0015	C0110
	Income			
	Premiums written			
R0110	Gross written premiums		81,565	81,565
R0111	Gross written premiums - insurance (direct)		81,565	81,565
R0113	Gross written premiums - accepted reinsurance		-	-
R0160	Net written premiums		81,565	81,565
	Premiums earned and provision for unearned			
R0210	Gross earned premiums		80,835	80,835
R0220	Net earned premiums		80,835	80,835
	Expenditure			
	Claims incurred			
R0610	Gross (undiscounted) claims incurred		56,837	56,837
R0611	Gross (undiscounted) direct business		56,837	56,837
R0612	Gross (undiscounted) reinsurance accepted		-	-
R0690	Net (undiscounted) claims incurred		56,837	56,837
R0730	Net (discounted) claims incurred	56,837	56,837	
	Analysis of expenses incurred			
R0910	Technical expenses incurred net of reinsurance ceded	25,475		
R0985	Acquisition costs, commissions, claims management costs	10,418	10,418	10,418
	Other expenditure			
R1140	Other expenses	633		
R1310	**Total expenditure**	83,814		

IR.17.01.01 Non-life technical provisions

		Direct business and accepted proportional reinsurance Medical expense insurance £'000	Total Non-Life obligation £'000
		C0020	C0180
	Technical provisions calculated as a sum of BE and RM		
	Best estimate		
	Premium provisions		
R0060	Gross	(108)	(108)
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		-
R0150	Net Best Estimate of Premium Provisions	(108)	(108)
	Claims provisions		
R0160	Gross	5,009	5,009
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		-
R0250	Net Best Estimate of Claims Provisions	5,009	5,009
R0260	Total best estimate - gross	4,901	4,901
R0270	Total best estimate - net	4,901	4,901
R0280	Risk margin	616	616
	Technical provisions - total (best estimate plus risk margin)		
R0320	Technical provisions - total	5,517	5,517
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	-	-
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	5,517	5,517

IR.19.01.21 Non-life insurance claims - Total non-life business

Z0010 **Accident year / underwriting year** Accident Year

Gross Claims Paid (non-cumulative)
(absolute amount)

	Year	Development year 0 £'000 C0010	1 £'000 C0020	2 £'000 C0030	3 £'000 C0040	4 £'000 C0050	5 £'000 C0060	6 £'000 C0070	7 £'000 C0080	8 £'000 C0090	9 £'000 C0100	10 & + £'000 C0110	In Current year £'000 C0170	Sum of years (cumulative) £'000 C0180
R0100	Prior												-	-
R0160	N-9	38,195	2,462	71	7	1	12	0	6	-	-		-	40,755
R0170	N-8	38,581	2,757	82	13	4	16	0	2	-			-	41,455
R0180	N-7	41,819	1,746	45	54	56	14	1	-				-	43,735
R0190	N-6	43,570	1,221	86	44	14	8	-					-	44,943
R0200	N-5	27,920	1,853	31	48	1	21						21	29,872
R0210	N-4	40,216	1,934	97	38	20							20	42,306
R0220	N-3	43,471	2,135	76	12								12	45,693
R0230	N-2	48,913	2,216	98									98	51,227
R0240	N-1	51,275	2,423										2,423	53,697
R0250	N	54,088											54,088	54,088
R0260													56,662	447,771

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	Development year 0 £'000 C0200	1 £'000 C0210	2 £'000 C0220	3 £'000 C0230	4 £'000 C0240	5 £'000 C0250	6 £'000 C0260	7 £'000 C0270	8 £'000 C0280	9 £'000 C0290	10 & + £'000 C0300	Year end (discounted data) £'000 C0360
R0100	Prior											-	-
R0160	N-9	2,064											
R0170	N-8	2,332											
R0180	N-7	2,250											
R0190	N-6	2,268											
R0200	N-5	2,529											
R0210	N-4	2,771											
R0220	N-3	3,071											
R0230	N-2	3,653											
R0240	N-1	3,569											
R0250	N	3,744											3,744
R0260													3,744

		Gross earned premium at reporting reference date £'000 C0570	Estimate of future gross earned premium £'000 C0580
R0100	Prior		
R0160	N-9	57,058	-
R0170	N-8	55,879	-
R0180	N-7	61,221	-
R0190	N-6	63,419	-
R0200	N-5	63,069	-
R0210	N-4	62,717	-
R0220	N-3	67,068	-
R0230	N-2	71,904	-
R0240	N-1	77,106	-
R0250	N	80,835	-
R0260			

IR.23.01.01 Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total £'000	Tier 1 unrestricted £'000	Tier 1 restricted £'000	Tier 2 £'000	Tier 3 £'000
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)					
R0030	Share premium account related to ordinary share capital					
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings					
R0050	Subordinated mutual member accounts					
R0070	Surplus funds					
R0090	Preference shares					
R0110	Share premium account related to preference shares					
R0130	Reconciliation reserve	63,722	63,722			
R0140	Subordinated liabilities					
R0160	An amount equal to the value of net deferred tax assets					
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above					
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency UK own funds**	-				
R0290	**Total basic own funds**	63,722	63,722			
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand					
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand					
R0320	Unpaid and uncalled preference shares callable on demand					
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand					
R0340	Letters of credit and guarantees					
R0350	Letters of credit and guarantees - other					
R0360	Supplementary members calls					
R0370	Supplementary members calls - other					
R0390	Other ancillary own funds					
R0400	**Total ancillary own funds**					
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	63,722	63,722			
R0510	Total available own funds to meet the MCR	63,722	63,722			
R0540	Total eligible own funds to meet the SCR	63,722	63,722			
R0550	Total eligible own funds to meet the MCR	63,722	63,722			
R0580	**SCR**	28,576				
R0600	**MCR**	7,144				
R0620	**Ratio of Eligible own funds to SCR**	223%				
R0640	**Ratio of Eligible own funds to MCR**	892%				

	Reconciliation reserve	C0060
R0700	Excess of assets over liabilities	63,722
R0710	Own shares (held directly and indirectly)	
R0720	Foreseeable dividends, distributions and charges	
R0725	Deductions for participations in financial and credit institutions	
R0730	Other basic own fund items	
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	
R0760	**Reconciliation reserve**	63,722

IR.25.04.01 Solvency Capital Requirement - for undertakings on Standard Formula

		£'000
	Market risk	*C0010*
R0070	Interest rate risk	2,430
R0080	Equity risk	12,361
R0090	Property risk	2,941
R0100	Spread risk	2,696
R0110	Concentration risk	2,634
R0120	Currency risk	6,338
R0125	Other market risk	-
R0130	Diversification within market risk	(9,428)
R0140	**Total Market risk**	19,972
	Counterparty default risk	
R0150	Type 1 exposures	720
R0160	Type 2 exposures	511
R0165	Other counterparty risk	-
R0170	Diversification within counterparty default risk	(77)
R0180	**Total Counterparty default risk**	1,154
	Life underwriting risk	
R0190	Mortality risk	
R0200	Longevity risk	
R0210	Disability-Morbidity risk	
R0220	Life-expense risk	
R0230	Revision risk	
R0240	Lapse risk	
R0250	Life catastrophe risk	
R0255	Other life underwriting risk	
R0260	Diversification within life underwriting risk	
R0270	**Total Life underwriting risk**	
	Health underwriting risk	
R0280	Health SLT risk	
R0290	Health non SLT risk	12,844
R0300	Health catastrophe risk	932
R0305	Other health underwriting risk	-
R0310	Diversification within health underwriting risk	(668)
R0320	**Total Health underwriting risk**	13,109
	Non-life underwriting risk	
R0330	Non-life premium and reserve risk (ex catastrophe risk)	
R0340	Non-life catastrophe risk	
R0350	Lapse risk	
R0355	Other non-life underwriting risk	
R0360	Diversification within non-life underwriting risk	
R0370	**Non-life underwriting risk**	
R0400	**Intangible asset risk**	
	Operational and other risks	
R0422	Operational risk	2,447
R0424	Other risks	-
R0430	**Total Operational and other risks**	2,447
R0432	**Total before all diversification**	46,855
R0434	Total before diversification between risk modules	36,682
R0436	Diversification between risk modules	(7,364)
R0438	**Total after diversification**	29,318
R0440	Loss absorbing capacity of technical provisions	
R0450	Loss absorbing capacity of deferred tax	(742)
R0455	Other adjustments	
R0460	**Solvency capital requirement including undisclosed capital add-on**	28,576
R0472	Disclosed capital add-on - excluding residual model limitation	
R0474	Disclosed capital add-on - residual model limitation	
R0480	**Solvency capital requirement including capital add-on**	28,576

IR.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

			Net (of reinsurance/SPV) best estimate and TP calculated as a whole £'000	Net (of reinsurance) written premiums in the last 12 months £'000
	Linear formula component for non-life insurance and reinsurance obligations	*C0010*		
R0010	MCR_{NL} Result	4,064	*C0020*	*C0030*
R0020	Medical expense insurance and proportional reinsurance		4,901	81,565
R0030	Income protection insurance and proportional reinsurance			
R0040	Workers' compensation insurance and proportional reinsurance			
R0050	Motor vehicle liability insurance and proportional reinsurance			
R0060	Other motor insurance and proportional reinsurance			
R0070	Marine, aviation and transport insurance and proportional reinsurance			
R0080	Fire and other damage to property insurance and proportional reinsurance			
R0090	General liability insurance and proportional reinsurance			
R0100	Credit and suretyship insurance and proportional reinsurance			
R0110	Legal expenses insurance and proportional reinsurance			
R0120	Assistance and proportional reinsurance			
R0130	Miscellaneous financial loss insurance and proportional reinsurance			
R0140	Non-proportional health reinsurance			
R0150	Non-proportional casualty reinsurance			
R0160	Non-proportional marine, aviation and transport reinsurance			
R0170	Non-proportional property reinsurance			

			Net (of reinsurance/SPV) best estimate and TP calculated as a whole £'000	Net (of reinsurance/SPV) total capital at risk £'000
	Linear formula component for life insurance and reinsurance obligations	*C0040*		
R0200	MCR_L Result	-	*C0050*	*C0060*
R0210	Obligations with profit participation - guaranteed benefits			
R0220	Obligations with profit participation - future discretionary benefits			
R0230	Index-linked and unit-linked insurance obligations			
R0240	Other life (re)insurance and health (re)insurance obligations			
R0250	Total capital at risk for all life (re)insurance obligations			

	Overall MCR calculation	*C0070*
R0300	Linear MCR	4,064
R0310	SCR	28,576
R0320	MCR cap	12,859
R0330	MCR floor	7,144
R0340	Combined MCR	7,144
R0350	Absolute floor of the MCR	2,400
R0400	**Minimum Capital Requirement**	7,144

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